

Message Text

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PAGE 01 STATE 052157

14

ORIGIN XMB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

CIEP-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 L-03 SSO-00

NSCE-00 INRE-00 /080 R

DRAFTED BY XMB:CLEIK/RJALBRIGHT

APPROVED BY EB/IFD/ODF:RASWART

XMB:MR DUBRUL

XMB: MR BEIM

EUR/EE:DMILLER

EUR:JAARMITAGE

NAC REPS: STATE, TREASURY, COMMERCE, FEDERAL RESERVE (SUBS)

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FM SECSTATE WASHDC

TO AMEMBASSY WARSAW IMMEDIATE

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FOR AMBASSADOR DAVIES

E.O. 11652:GDS

TAGS: EFIN PL

SUBJECT: RCA/CORNING TV PROJECT

REF: WARSAW 1268

EXIM IS TRANSMITTING BY TELEX TO BANK HANDLOWY ITS
REPLY TO POLISH QUESTIONS CONTAINED IN YOUR REFERENCE MESSAGE
AND APPRECIATES YOUR ALSO ADVISING APPROPRIATE POLISH OFFICIALS.

MAJOR POINT IS EXIM OFFER OF THE OPTION FOR A REPAYMENT PERIOD
SHORTENED TO SEVEN YEARS WHICH WOULD BRING TOTAL TERM

UNDER 10 YEARS AND THEREBY PROVIDE AN
8-3/4 PERCENT INTEREST RATE ACCORDING TO EXIM NORMAL

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PAGE 02 STATE 052157

SCHEDULES.

TEXT OF EXIM TELEX TO BANK HANDLOWY FOLLOWS:

BEGIN TEXT. ATTENTION MR. JAN WOLOSZYN, VICE PRESIDENT.

WE ARE PLEASED TO CLARIFY YOUR QUESTIONS CONCERNING OUR
DECISION TO SUPPORT EXPORT FINANCING FOR THE RCA/CORNING TV
PICTURE TUBE PROJECT.

1. YOUR REQUEST FOR EXPORT FINANCING INCLUDED THE FOLLOWING
AMOUNTS OF U.S. EXPORTS:

RCA CONTRACT \$71,227,100

CORNING CONTRACT 57,067,100

\$128,294,200

OUR EVALUATION OF TECHNICAL SUBMISSIONS SHOWED THAT CERTAIN COSTS
WERE NOT ELIGIBLE FOR EXPORT FINANCING UNDER NORMAL EXIMBANK
CRITERIA. SPECIFICALLY, THE INELIGIBLE ITEMS ARE:

	EXPENSES FOR	MATERIALS IN	
	POLISH TRAINEES EXCESS OF		
TOTAL	IN U.S.	STARTUP NEEDS	

RCA CONTRACT	\$2,200,000	\$300,000	\$1,900,000
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CORNING CONTRACT	1,545,200	252,000	1,293,200
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\$3,745,200	\$552,000	\$3,193,200
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2. IT IS STANDARD EXIMBANK PRACTICE TO COMPUTE TOTAL TERM FROM
THE DATE OF EXIMBANK BOARD AUTHORIZATION TO DATE OF FINAL REPAY-
MENT. REPAYMENTS BEGIN AFTER PLANT COMMISSIONING WHICH MEANS
THE 17 SEMIANNUAL REPAYMENTS BEGIN ONLY AFTER A GRACE PERIOD
COVERING CONSTRUCTION TIME.

3. AS YOU ARE AWARE, EXIMBANK'S NORMAL INTEREST RATE SCHEDULE
IS RELATED TO TOTAL TERM FROM AUTHORIZATION TO FINAL REPAYMENT.
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PAGE 03 STATE 052157

IF YOU WISH TO TRADE-OFF A SHORTER REPAYMENT PERIOD FOR A LOWER
INTEREST RATE, THE REPAYMENT PERIOD WOULD HAVE TO BE REDUCED TO
SEVEN YEARS BEGINNING 35 MONTHS AFTER EXIMBANK AUTHORIZATION
(FOLLOWING CONGRESSIONAL REVIEW) IN ORDER TO BRING TOTAL TERM
TO LESS THAN 10 YEARS AND THEREBY RECEIVE THE NORMAL 8-3/4 PCT
INTEREST RATE FOR THAT TERM.

EXIMBANK WILL MODIFY ITS COMMITMENT TO THE 8-3/4 PCT INTEREST

RATE ON THE ABOVE TERMS OR REMAIN WITH THE EXISTING COMMITMENT.
PLEASE ADVISE OF YOUR DECISION AT YOUR EARLIEST CONVENIENCE.
REGARDS. BEIM - EXIMBANK. END TEXT. KISSINGER

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Message Attributes

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Margaret P. Grafeld
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EO Systematic Review
04 MAY 2006

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